

The Original Mission of Social Security:

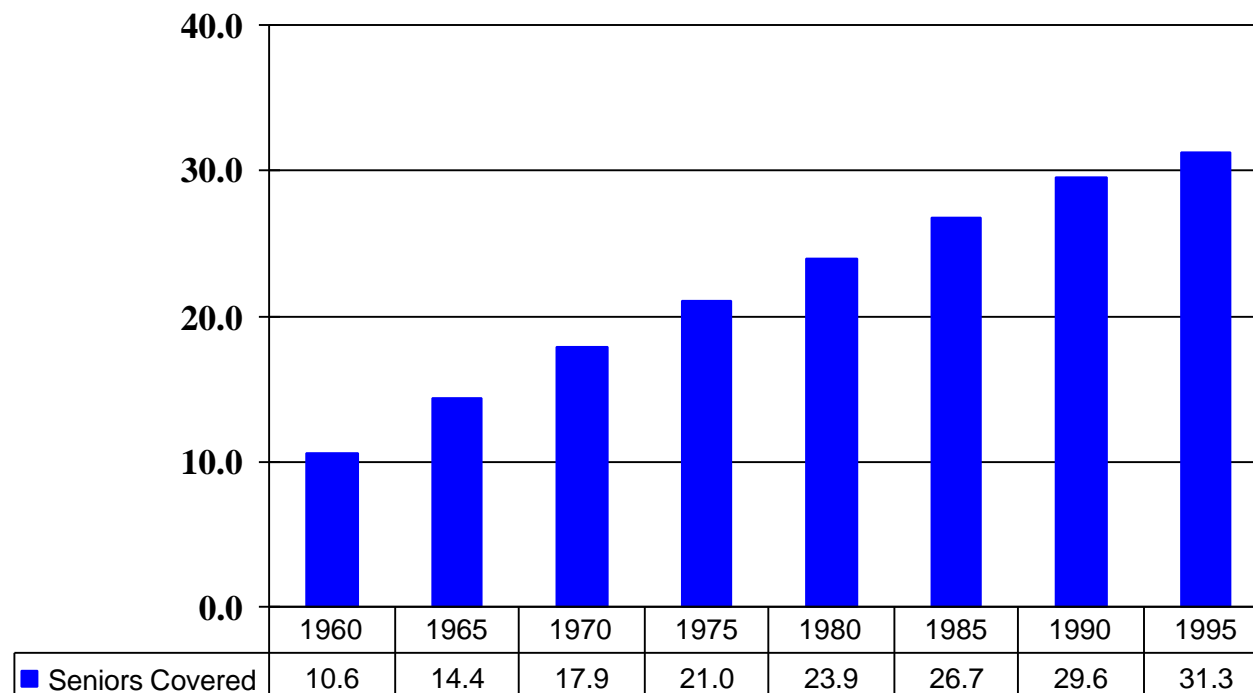
“...A law that will give some measure of protection to the average citizen and to his family against the loss of a job and against poverty-ridden old age...”

-President Franklin D. Roosevelt
Presidential Statement Signing the Social Security Act
August 14, 1935

Social Security has created real retirement security for millions of seniors

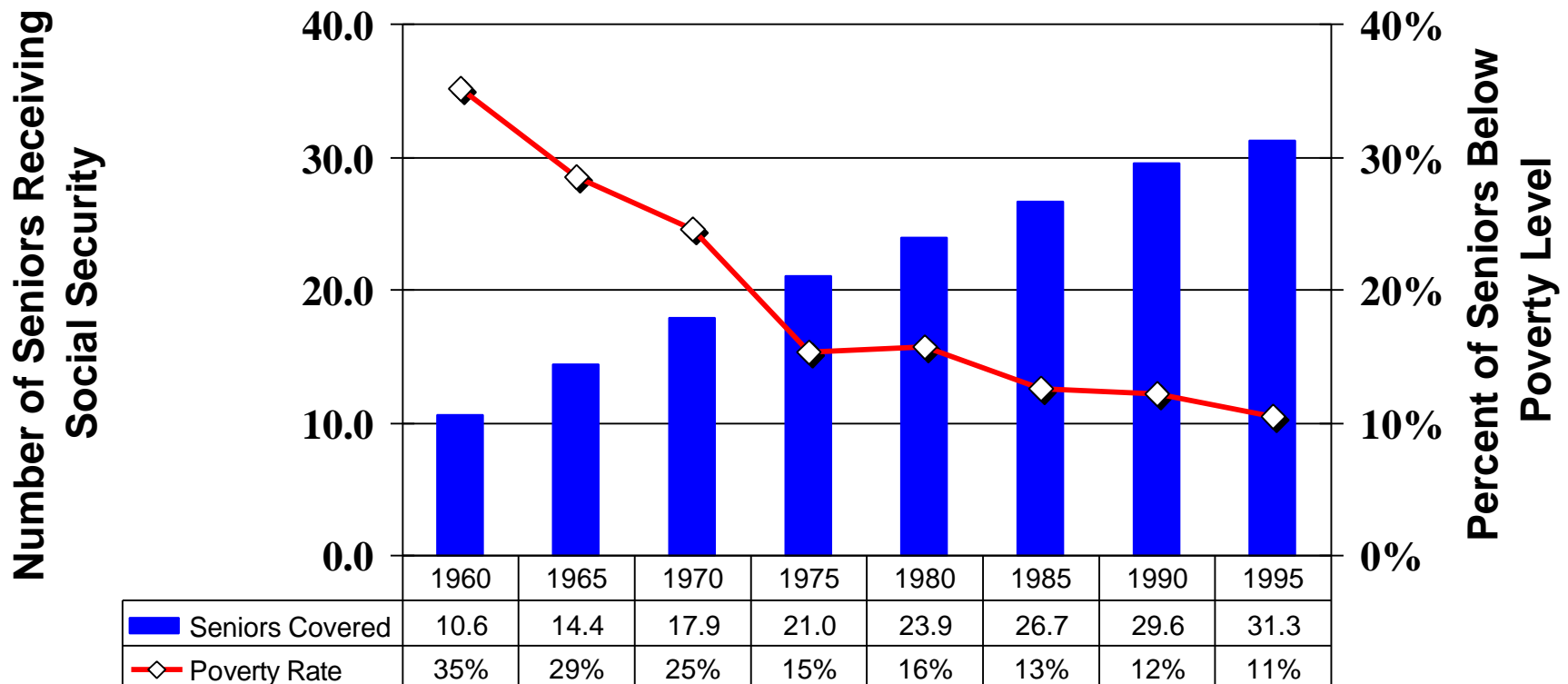
As the number of Seniors covered increased...

Number of Seniors Receiving
Social Security



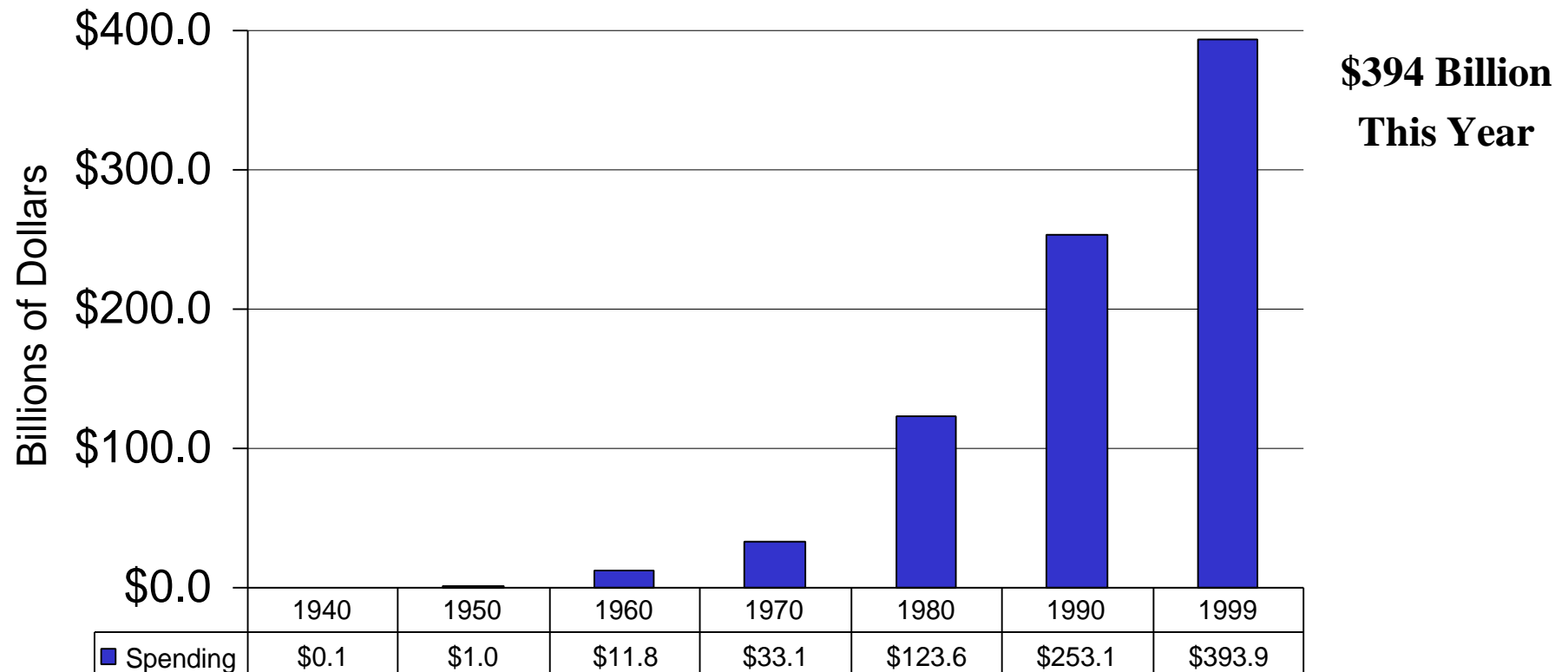
Social Security has created real retirement security for millions of seniors

As the number of Seniors covered increased...poverty declined



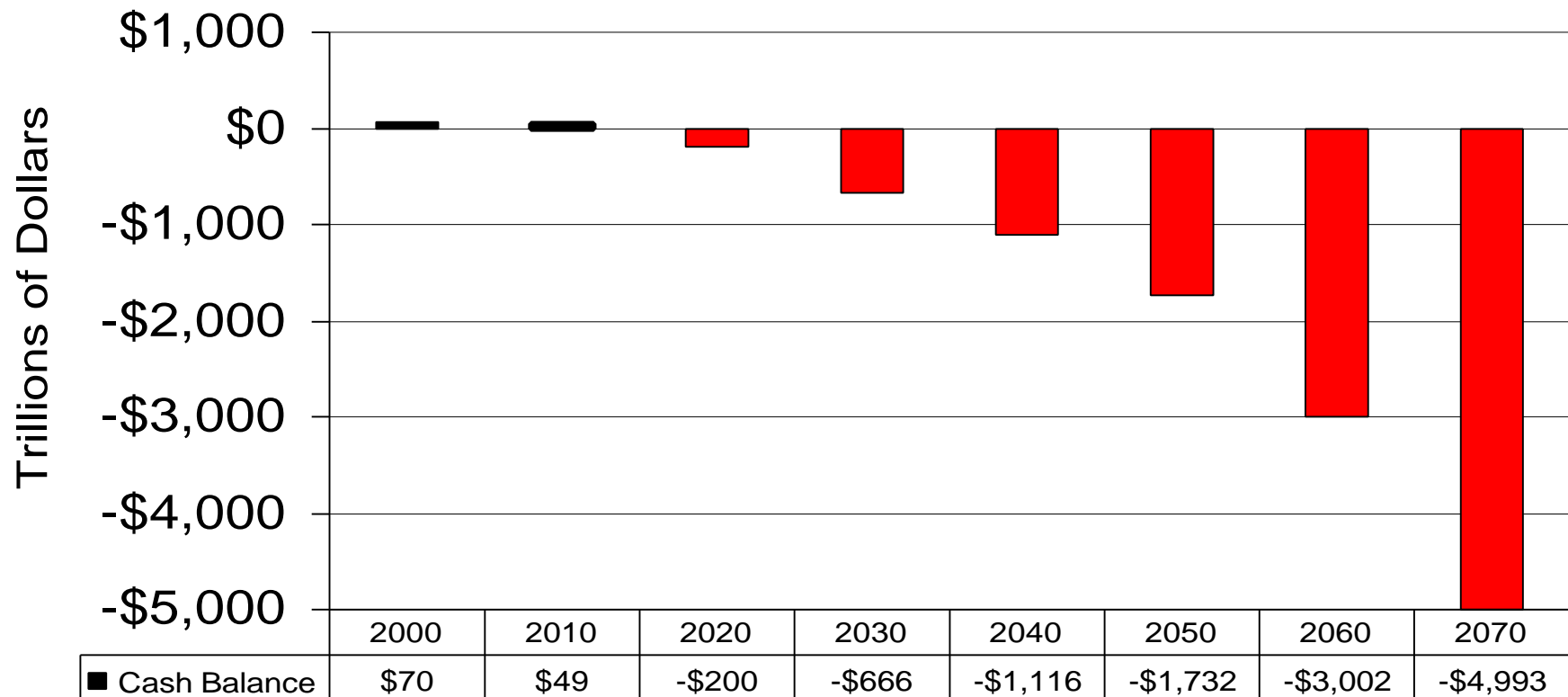
Social Security has achieved its goal, but, at a very high cost

Annual spending on Social Security has increased dramatically



In the new millennium, Social Security will face a tidal wave of red ink

Benefits will exceed payroll taxes by \$120 trillion!



Why is Social Security facing bankruptcy?

✓ Demographics:

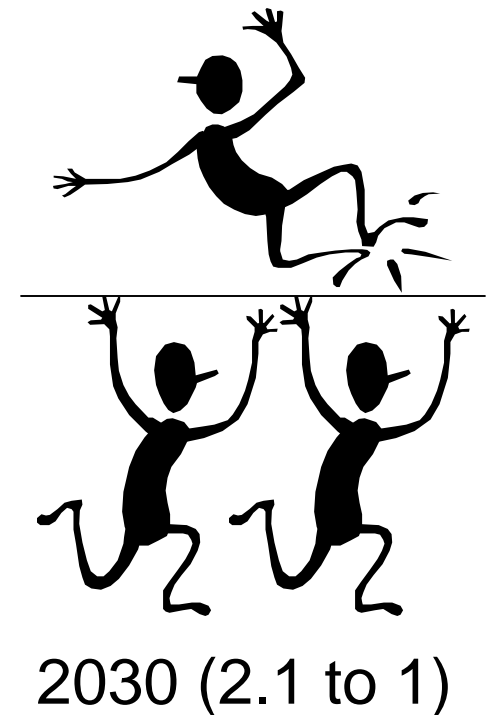
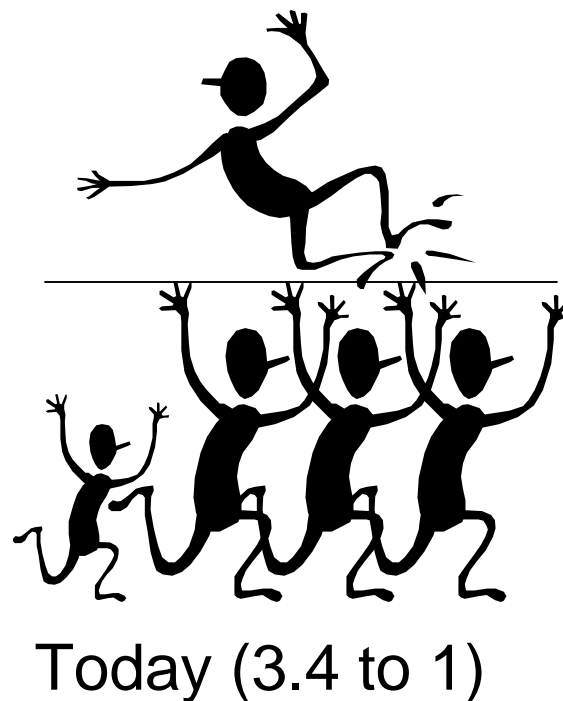
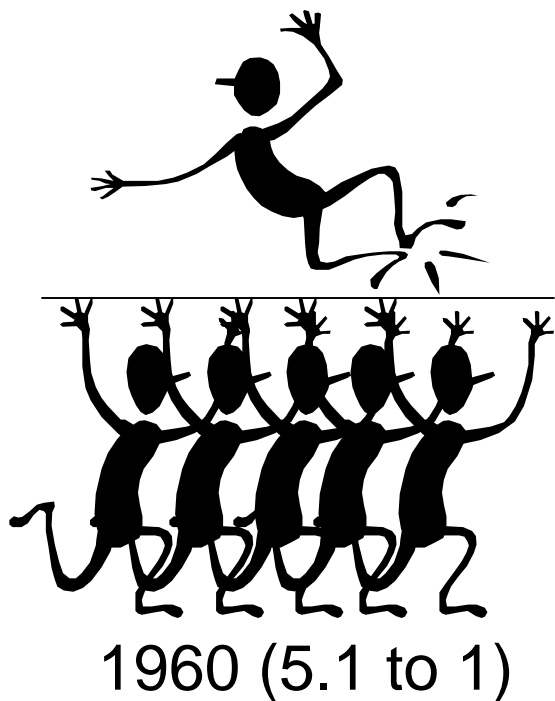
Americans are living longer and having fewer children. That means fewer workers to support each beneficiary.

✓ Benefit Payments:

Initial benefits for newly eligible beneficiaries are indexed to wages and prices. That means benefits are rising faster than inflation.

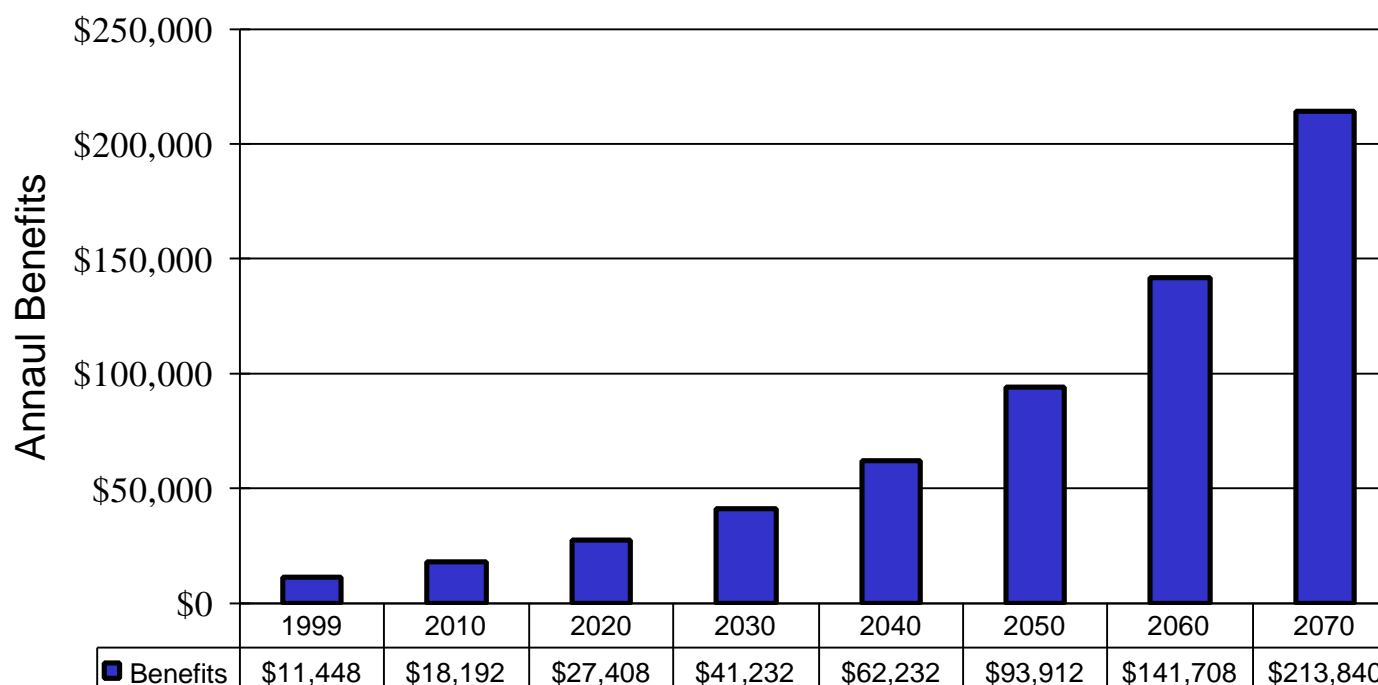
Demographics - Americans are living longer and having fewer children

Meaning fewer workers to support each beneficiary



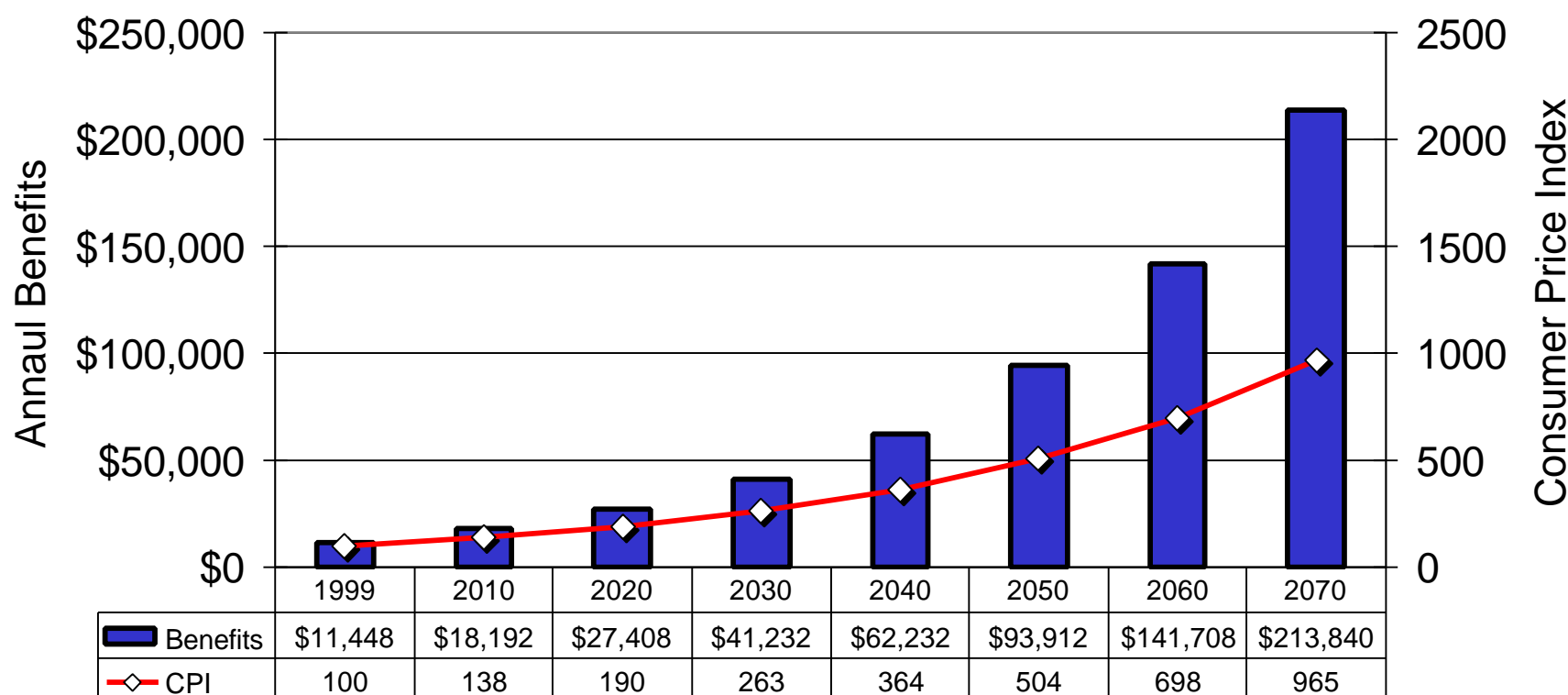
Benefit Payments - Initial benefits are growing faster than inflation

Benefits for newly eligible beneficiaries will spiral upward...



Benefit Payments - Initial benefits are growing faster than inflation

...while the consumer price index rises more slowly.



Over the next 75 years...

Prices will increase by 10 times, but
current promised benefits will increase
by 20 times!

The future of the current system:

Putting off reform means some very tough consequences:

- ➡ Promised benefits outstrip taxes collected by a \$120 trillion.
- ➡ Increasing taxes by 50 percent, or
- ➡ Slashing benefits by 30 percent

Won't economic growth save Social Security from bankruptcy?

No.

Under current law, the faster the economy grows, the faster benefits grow.

Thus, the gap between taxes and benefits is never closed. The red ink remains.

We can do better, and we must!

Every generation of Americans has left a legacy of prosperity for its children.

The Baby Boomers must not let Social Security's tidal wave of red ink be our legacy to the next generation.

Creating a new Social Security system for three generations of Americans

- ✓ Secures growing benefits to keep up with inflation
- ✓ Means less debt for our children
- ✓ No calls for new taxes on fewer workers
- ✓ Creates more retirement security freedom
- ✓ Creates the opportunity to earn more than a govt. benefit and invest in the economy

The Kasich Social Security Plan

✓ PART A - Save Social Security:

Price Indexing - Index initial benefits for people under age 55 to prices, instead of wages and prices.

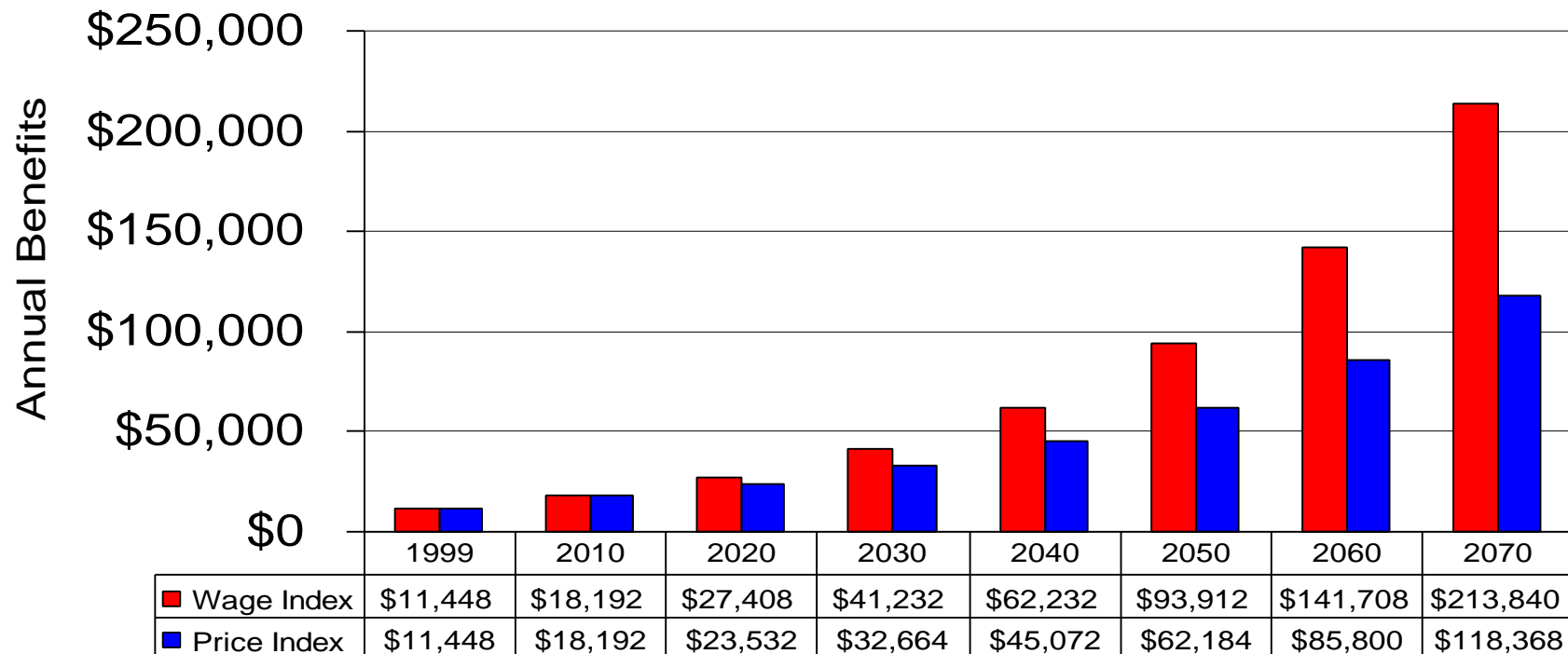
✓ PART B - Create Opportunity:

Personal Savings Accounts - Give workers under age 55 the option to invest a portion of their payroll taxes in their own personal accounts.

PART A:

Price Indexing would tie initial benefits to inflation

Initial benefits would increase at a slower rate,
but still grow 10 times over the next 70 years

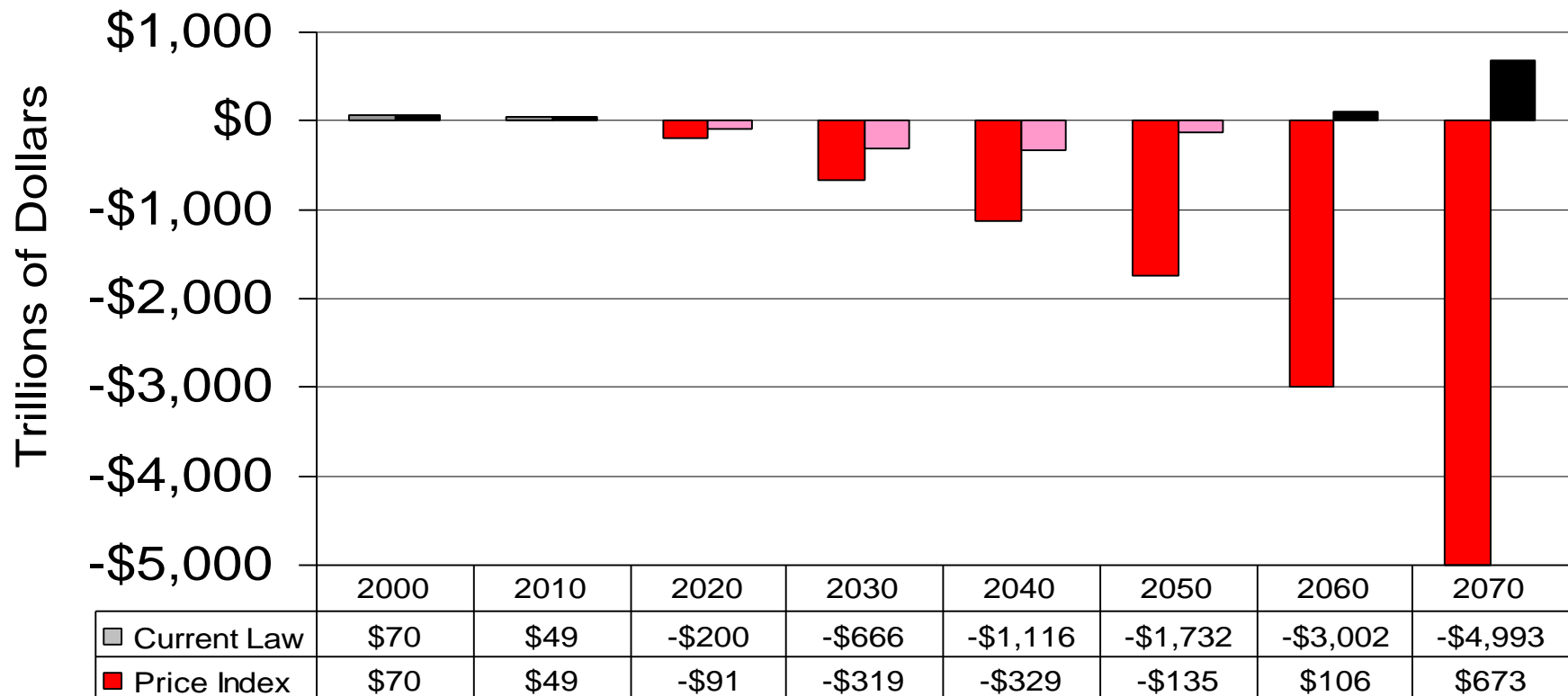


Initial Annual Benefit for Average Wage Worker at Normal Retirement Age

PART A:

With price indexing Social Security's **red ink** disappears

Social Security's cash balance is back in the black!



We can do more, and we should.

- ✓ Switching from wage indexing to price indexing will eliminate the need for future payroll tax increases.
- ✓ But workers should also be given the freedom to take control of their own planning for retirement.

PART B:

Voluntary Personal Savings Accounts

- ✓ Workers can invest a portion of their payroll taxes in their own personal savings account.
- ✓ The exact amount workers can invest is based on their annual wages.

Annual Wage

\$740

\$30,000

\$72,600

Annual Contribution

3.5%

2.5%

1.0%

PART B:

How Voluntary PSAs work with Basic Social Security

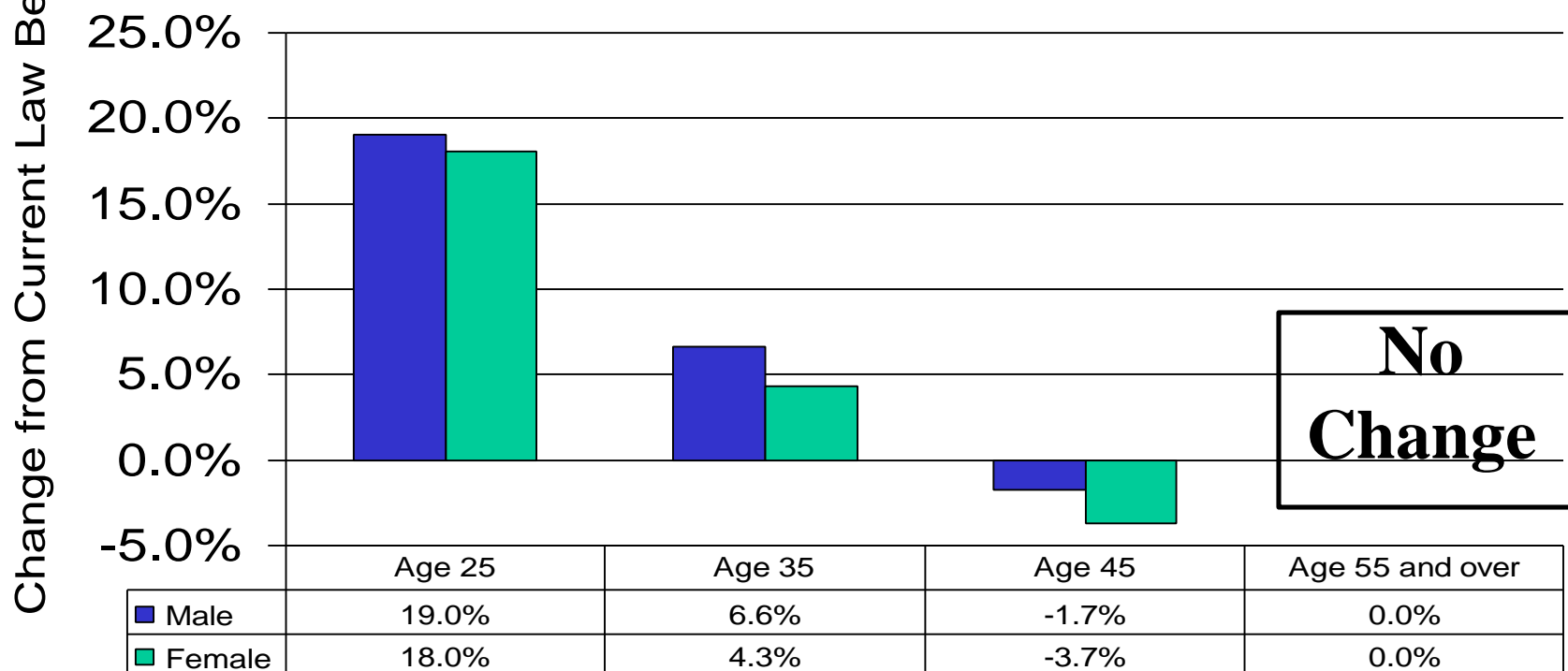
In exchange for investing a portion of their payroll taxes in their own accounts, workers would give up a portion of their basic Social Security benefit.

✓ For every dollar you invest in Personal Savings Accounts, you will give up about 25 cents in basic Social Security benefit.

Under this combined approach...

Most people will do as well or better under the Kasich Plan

Combined Benefits of Social Security and Personal Accounts



The trade off for baby boomers

- ✓ Under the Kasich plan, a 45 year old member of the baby boom generation might give up 1.7 percent of his retirement.
- ✓ But in exchange, he will allow his kids to earn almost 20 percent more for their retirement.

The big question for baby boomers:

Are we going to be the first generation to jump from the shoulders of our parents to the backs of our children?

The Kasich Plan preserves the security of Social Security

- ✓ Saves Social Security from bankruptcy forever
- ✓ Protects today's seniors, 55 and Over
 - *No Increase in retirement age*
 - *No reduction in COLAs*

The Kasich Plan preserves the American legacy of prosperity

- ✓ *No increase in payroll taxes*
- ✓ *Assures benefits for younger workers*
- ✓ *Provides opportunity for personal savings*
- ✓ *Reduces debt on our children*

The challenge of Social Security reform

“...let me assert my firm belief that the only thing we have to fear is fear itself-- nameless, unreasoning, unjustified terror which paralyzes needed efforts to convert retreat into advance.”

--President Franklin D. Roosevelt
First Inaugural Address
Saturday, March 4, 1933